

Financial Assurance Board
Minutes
March 12, 2002 meeting

Board Members Present

James Acton, Public	John Sharp, Financial Institutions
William Herdrich, Petroleum Marketers	Kim Logan, State Treasurer's Office
Greg Silver, Environmental	Roy Meeks, Service Stations
Stan Pinegar, Petroleum Refiners and Suppliers	Linda Dollens, IDR
Bruce Palin, IDEM	Joanie Kanizer, Convenience Stores

IDEM Staff Present

Nancy King, Board Counsel	Steve Browning, ELTF Program
Paul Serguta, IDEM	

Mr. Acton, Chair, called the meeting to order. The Board members introduced themselves.

Election of Chair and Vice Chair

Mr. Acton asked for nominations for Chairman. Mr. Herdrich nominated Mr. Acton for Chairman, Mr. Meeks seconded and then Mr. Acton called for a roll call vote. Mr. Acton was elected unanimously. Mr. Acton then asked for nominations for Vice-Chairperson. Mr. Acton nominated Ms. Kanizer for Vice-Chairperson, Mr. Herdrich seconded the nomination and the nominations were closed. Mr. Acton called for a roll call vote. Ms. Kanizer was elected unanimously.

Minutes of the March 12, 2002 meeting

Mr. Acton asked for changes or additions to the minutes. After hearing none, Ms. Kanizer moved, Mr. Pinegar seconded and the minutes were approved.

Contract Update

Mr. Browning informed the Board that Navigant Consulting was chosen as the winning bidder for the ELTF contract and that they would continue to process claims and review technical documents the same as they had in the past. Mr. Serguta informed the Board that the contract start date was March 1, 2002 and that the contract was for one year, with an option to renew for an additional year. Mr. Browning then explained how the fees Navigant would be charging were determined.

Fund Administrator's Report

Mr. Browning reviewed the Excess Liability Trust Fund Status Report. Mr. Browning noted that the beginning balance for 2002 was \$87.5 million. Mr. Browning also pointed out that the projected total for claims paid for 2002 was \$30 million. Mr. Browning then informed the Board of a fund transfer of \$5 million (\$4.5 million for LUST/Brownfield sites and \$.5 million to close old oil wells).

Mr. Palin reviewed the Petroleum Trust Fund Report. Mr. Palin explained that the Fund balance had declined due to a 50% increase in the amount of technical reviews being completed by the LUST Program along with an increase in site inspections by the UST Program. Mr. Palin and Mr. Serguta answered questions from the Board.

Mr. Browning gave an overview of the Report to the Financial Assurance Board. Highlighting the fact that the number of claims received had increased from 1100 in 1999 to 2200 in 2001. Mr. Browning informed the Board that the total dollars paid on claims could be expected to increase over the next year due to a change in the Rule that increased several of the reimbursement rates. Mr. Browning then answered questions regarding the Report.

Mr. Palin answered several questions from the Board pertaining to possible legislation that would transfer money out of the Excess Liability Trust Fund. The Board discussed what could be done in order to inform the Legislature that the current balance in the ELTF should not be reduced. Ms. King informed the Board that the 2001 Annual Report containing Fund projections, had been given to a group of legislators after the last Board meeting in November 2001. The Board determined that they would send a letter to the appropriate legislators documenting the need to protect money currently in the Fund. Ms. King said she would draft the letter.

New Business/Next Board Meeting

Mr. Braun addressed the Board regarding the potential diversion of funds by the Legislature. He explained that this type of diversion is something that the Indiana Petroleum Marketers and Convenience Store Association opposes, due to the fact that the claim totals are increasing every year and that the cost to clean-up existing sites under remediation currently exceeds the available funds to do so.

Mr. Braun discussed a third party claim that was currently under review by Attorney General's Office. Mr. Braun provided a copy of the materials that were provided to the Attorney General to each of the Board members. Mr. Braun indicated that he had discussed this site with Mr. Browning, and that Mr. Browning was looking to the Attorney General's Office for guidance. Mr. Braun also told the Board that there was no need for the Board to take action now, but that at the next meeting he would inform them of what progress had been made on the decision by the Attorney General. Mr. Braun then answered questions from the Board.

Ms. King informed the Board that Ronald Young, representing the property and casualty insurance industry was no longer on the Board because he no longer worked in that industry. Ms. King said that she was working with the Governor's office to try and find a replacement and that she was open to suggestions anyone may have.

The next Board meeting was scheduled for June 11, 2002 and then the meeting was adjourned.

Date: _____

Signature _____

James Acton, Chair
Financial Assurance Board